

**IMPARTIAL ANALYSIS BY CITY ATTORNEY
CITY OF SAN JUAN CAPISTRANO
MEASURE Y**

Measure Y, a City of San Juan Capistrano ("City") bond measure, seeks voter approval to authorize the City to cause general obligation bonds to be sold in an aggregate principal amount not exceeding \$30,000,000 at interest rates within the statutory limit. The stated purpose of the bonds is to raise money to finance land acquisition and improvements for open space in the City as described in the ballot measure, which include the preservation of natural areas, creeks, historic lands, hillsides, trails, recreation, wildlife, and air and water quality, including amenities such as bike paths, walking and running trails, equestrian facilities, parks, and sports fields. As required by Government Code section 53410, proceeds from the sale of bonds authorized by Measure Y may be used only for these purposes and an annual report shall issue concerning the funds collected and the status of projects and expenditures pursuant to Government Code section 53411.

General obligation bonds pledge a city's property taxing power as security for payment of principal and interest to bond holders. Article XIII A of the California Constitution (Proposition 13) limits the maximum amount of any ad valorem tax on real property to 1% of the full cash value of the property. Article XIII A allows voters to increase the property tax rate above 1% in connection with bonded indebtedness if (a) two-thirds of the electors voting on the proposition approve the issuance of the bonds, and (b) the bonds are to be issued to finance the acquisition or improvement of real property. The bonds would be repaid by ad valorem taxes to be levied upon property within the City.

Approval of this measure will authorize the City to levy an ad valorem tax on the assessed value of real property within the City by an amount needed to pay the principal and interest on the bonds in each year that the bonds are outstanding. The Tax Rate Statement for Measure Y in this Voter Pamphlet reflects the City's best estimates, based upon currently available data and projections, of the property tax rates required to service the bonds. The estimated tax rate required to be levied to fund the bonds in the first fiscal year (2009-2010) after the sale of the first series of bonds is \$ 35.04 per \$100,000 of assessed valuation; the highest tax rate is estimated to be the same in 2011-2012, and the estimated tax rate in the first fiscal year after the sale of the last series of bonds is estimated to be the same. Voters should note that the estimated tax rates are based on the assessed value of taxable property in the City as shown on the County's official tax rolls, not on the property's market value.

Measure Y requires two-thirds voter approval. If two-thirds of those voting on this measure vote for approval, the City will be authorized to issue the bonds. If two-thirds do not vote for approval, the measure will fail and the City will not be authorized to issue the bonds.

s/ Omar Sandoval
City Attorney

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